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COSTS and RETURNS



**Commercial
Broiler
Farms
Delmarva
and Maine**

1962

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

- Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1962
- Costs and Returns, Commercial Corn Belt Farms, 1962
- Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1962
- Costs and Returns, Commercial Broiler Farms, Delmarva and Maine, 1962
- Costs and Returns, Commercial Cotton Farms, 1962
- Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1962
- Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1962
- Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1962
- Costs and Returns, Western Livestock Ranches, 1962

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1963. In this annual report, information is given for 1962 with comparison with 1961 and 1960, and the period 1957-59.

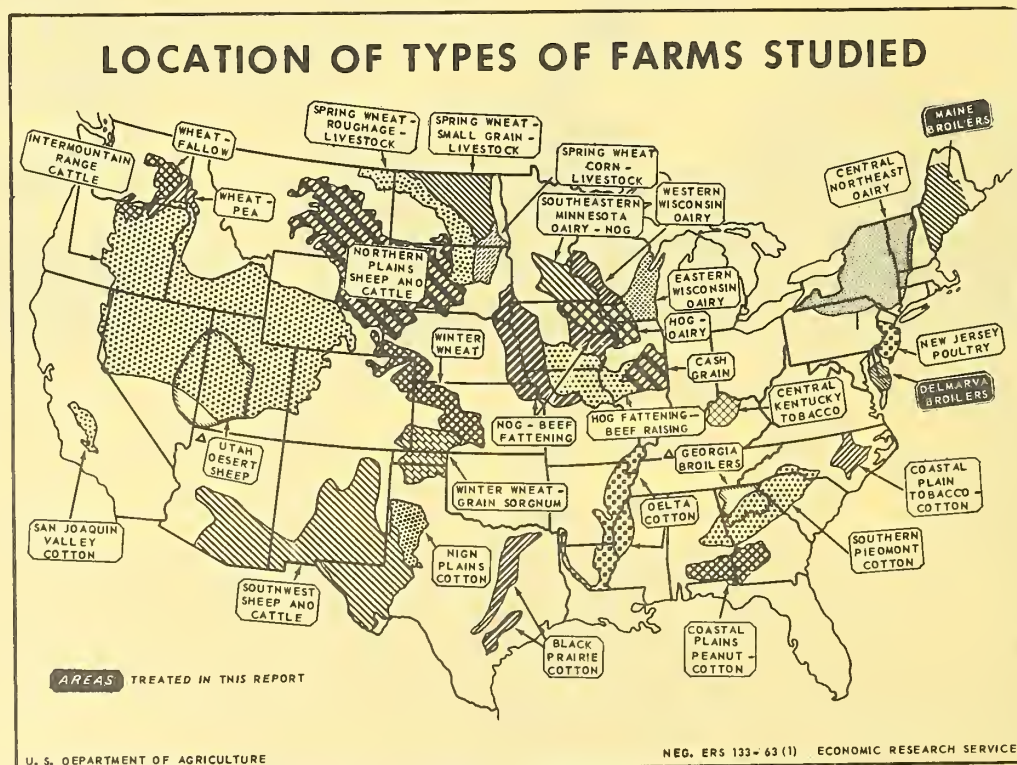


Figure 1

COSTS AND RETURNS COMMERCIAL BROILER FARMS DELMARVA AND MAINE, 1962

Everett O. Stoddard, Agricultural Economist

Farm Production Economics Division, ERS

INTRODUCTION

The information presented for the years 1950 through 1962 in this report is typical of broiler growers in Delmarva and Maine producing birds for broiler contracting firms (figs. 1 and 2). Under such contracts nonfarm concerns, (feed dealers, feed mills, hatcheries, poultry processors) supply most of the variable production inputs, retain ownership of the broilers, make most of the marketing decisions and assume out-of-pocket losses.

Growers provide buildings, equipment, labor and some minor variable inputs and receive a certain contractual income for growing the broilers.

Typical broiler growers in Maine produce around 65,000 broilers annually in about 4.2 lots and have no other major farm enterprises. Delmarva producers typically have around 80 acres of corn and soybeans in addition to producing about 44,000 broilers annually in slightly over four lots.

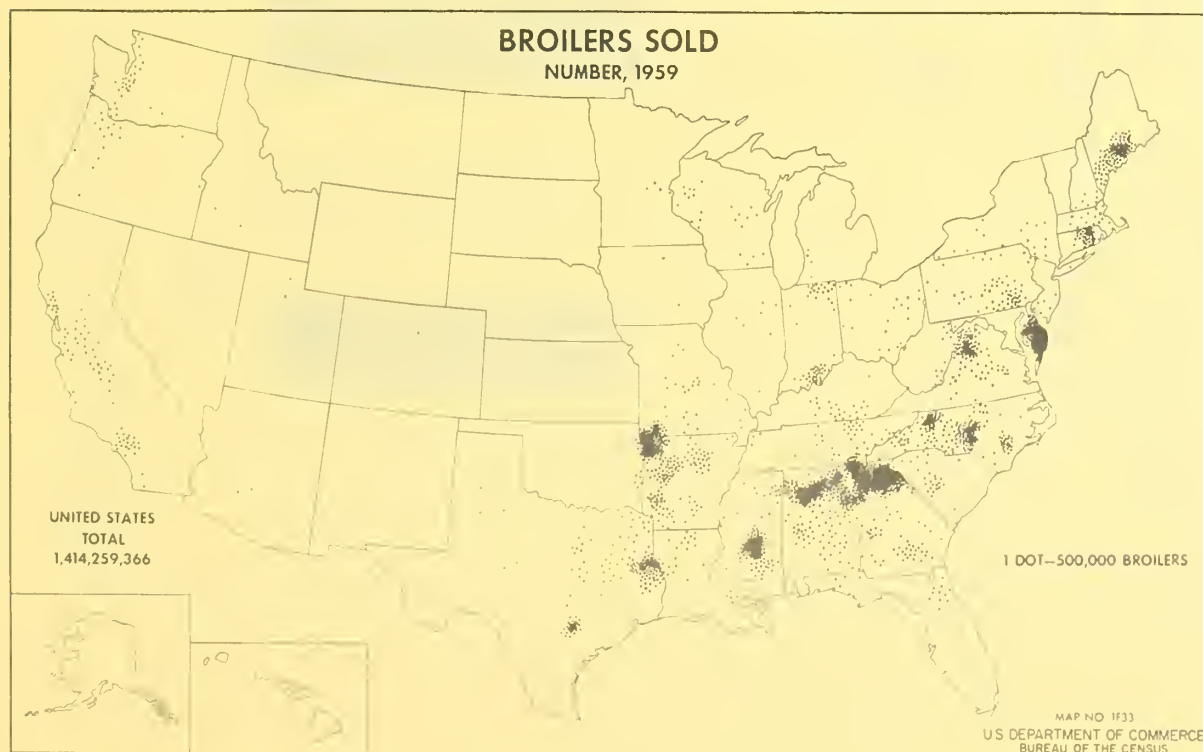
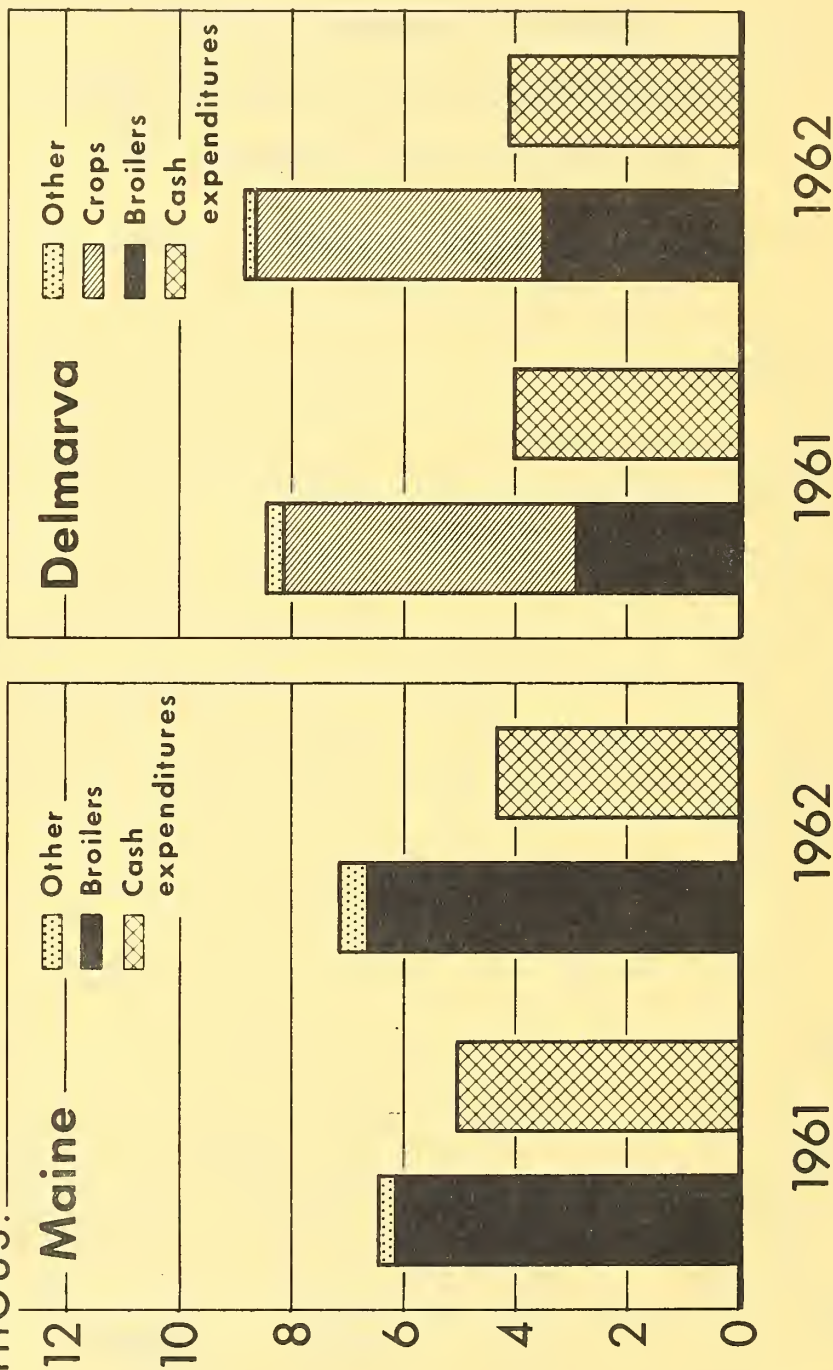


Figure 2

Commercial Broiler Farms

CASH RECEIPTS AND EXPENDITURES

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Figure 3

The structure of the broiler industry in each of these areas is somewhat different although less so than 10 years ago. In Maine, poultry processors (broiler contracting firms) merged or made working agreements with hatcheries, feed mills and poultry haulers as well as with farmers. In recent years the Maine broiler industry reached a high degree of integration. Five firms produced under contract with farmers nearly all the broilers grown in Maine. Broiler production also was concentrated mostly in central Maine. Thus most of the growers in this area could be serviced easily by any of the processors. Usually a grower could easily shift to another company if he became dissatisfied.

In Delmarva, during the late 1940's, many feed dealers were compelled to finance broiler production. Farmers could not or would not grow broilers independently because of heavy disease losses and sharp market fluctuations. As the price-cost squeeze further affected the industry, feed mills were forced to take over many of their dealers' growing accounts. In the '60's there were several broiler contracting firms in Delmarva which obtained the same degree of integration as the Maine industry. Most broiler contracting firms, however, still sold a large portion of the broilers at an auction to various poultry processing plants.

Net farm income in 1962 for typical broiler growers in Maine and Delmarva averaged higher than a year earlier. Major factors for increased farm income were increased broiler output and a higher contractual broiler income. From 1961 to 1962 the farm price of broilers increased by about 7 and 9 percent in Maine and Delmarva. Higher

broiler returns coupled with favorable prices paid for broiler chicks more than offset a slight increase in feed prices compared with 1961. In Delmarva, decreased cash receipts from crops due to a smaller yield in 1962 partially offset the higher broiler returns. Operating expenses in 1962 for broiler producers in Maine were slightly less than 1961 because of a slow-down in new construction. Delmarva broiler growers had slightly larger operating expenses mostly because of a larger acreage of corn in 1962.

Maine

Net farm incomes in 1962 on contract broiler farms in Maine averaged \$4,137 per farm compared with \$3,776 in 1961 (table 1). The average contractual returns averaged about \$106 per 1,000 broilers produced per lot in 1962, an increase of \$7 from a year earlier. Broiler income generally constitutes about 90 percent of total cash receipts on these farms (fig. 3). Thus variation in the annual output or contractual returns on broilers greatly influences gross income on these specialized farms.

Most broiler contracting firms in Maine guaranteed a minimum of either one-half or three-quarters of a cent per bird per week plus one-half of the profits. In the early and mid-1950's nearly all contracts guaranteed the grower 1 cent per bird per week. About 20 percent of the growers were still operating under this arrangement. Maine growers were paid on the basis of broilers produced (excluding the extra chicks) but were not penalized for condemnation losses as in the South. Broiler contracting firms throughout the country usually added two chicks per 100 to offset mortality from weak chicks. The extra chicks

Table 1.- Organization, production, costs and returns,

Item	Unit	1950	1951	1952	1953
Land in farm.....	Acre	86	90	94	98
Cropland harvested.....	do.	10.0	10.0	10.0	10.0
Hay harvested.....	do.	10.0	10.0	10.0	10.0
Hay yield per harvested acre.....	Ton	.98	1.15	1.21	1.12
Broilers on farm, Jan. 1.....	Number	6,840	7,464	7,966	8,441
Broilers produced annually:					
Number.....	do.	16,074	19,646	21,714	26,978
Pounds.....	Pound	70,726	80,549	82,513	102,516
Tractors on farm.....	Number	.27	.35	.43	.46
Total labor used.....	Hour	1,850	2,060	1,930	2,180
Operator and family.....	do.	1,510	1,710	1,620	1,830
Hired.....	do.	340	350	310	350
Total farm capital, Jan. 1.....	Dollar	9,360	10,910	13,260	16,220
Land and buildings.....	do.	7,970	8,960	10,900	13,540
Machinery and equipment.....	do.	1,390	1,950	2,360	2,680
Total cash receipts.....	do.	2,695	3,227	3,149	3,710
Broilers.....	do.	2,186	2,633	2,562	3,102
Crops.....	do.	284	323	302	269
Forest products.....	do.	63	76	86	85
Other, including Government payments.....	do.	162	195	199	254
Value of perquisites.....	do.	296	316	350	329
Gross farm income.....	do.	2,991	3,543	3,499	4,039

See footnote at end of table.

commercial broiler farms, Maine, 1950-62

1954	1955	1956	1957	1958	1959	1960	1961	1962 <u>1</u>
102 10.0	105 8.4	109 6.8	112 5.2	116 3.6	119 2.0	119 2.0	119 2.0	119 2.4
10.0	8.4	6.8	5.2	3.6	2.0	2.0	2.0	2.4
1.14	1.27	1.18	1.14	1.22	1.23	1.30	1.30	1.18
9,057	9,079	11,250	13,000	14,220	14,634	15,073	15,301	15,524
29,640 106,704	32,775 117,990	42,975 154,710	49,920 189,696	56,260 213,788	58,200 221,160	59,761 233,068	61,278 238,984	63,244 246,652
.48	.53	.53	.54	.55	.58	.57	.56	.54
2,120	2,280	2,390	2,360	2,310	2,190	2,050	2,020	2,060
1,800 320	1,940 340	1,980 410	1,960 400	1,920 390	1,820 370	1,740 310	1,720 300	1,730 330
17,040	17,040	18,880	21,350	23,480	27,620	29,740	30,830	31,700
13,970 3,070	13,610 3,430	14,610 4,270	16,080 5,270	17,250 6,230	20,470 7,150	22,030 7,710	22,990 7,840	23,310 8,390
3,930	4,202	5,116	5,179	5,787	5,969	6,501	6,404	7,063
3,260 317 83 270	3,572 243 86 301	4,469 180 95 372	4,742 159 98 180	5,401 112 98 176	5,616 59 98 196	6,155 60 97 189	6,067 58 95 184	6,704 75 94 190
329	312	323	325	322	339	352	354	360
4,259	4,514	5,439	5,504	6,109	6,308	6,853	6,758	7,423

Table 1.- Organization, production, costs and returns,

Item	Unit	1950	1951	1952	1953
Total cash expenditures <u>2/</u>	Dollar	2,528	2,247	2,393	2,874
Farm buildings.....	do.	911	650	638	717
Machinery.....	do.	1,074	973	1,120	1,376
Hired labor.....	do.	272	308	290	340
Taxes.....	do.	128	144	161	206
Electricity and miscellaneous broiler expense.....	do.	116	143	154	203
Other.....	do.	27	29	30	32
Change in inventory of machinery and buildings.....	do.	-1,354	-831	-852	-1,092
Total operating expenses.....	do.	1,174	1,416	1,541	1,782
Net farm income.....	do.	1,817	2,127	1,958	2,257
Purchasing power in 1947-49 dollars.....	do.	1,799	1,934	1,764	2,052
Charge for capital at current interest rates.....	do.	421	491	597	730
Return per hour, operator and family labor.....	do.	.92	.96	.84	.83
Charge for capital at 4.1 percent interest.....	do.	384	447	544	665
Return per hour, operator and family labor.....	do.	.95	.98	.87	.87
INDEX NUMBERS (1957-59=100):					
Gross farm income.....	---	50	59	59	68
Net farm income.....	---	57	67	61	71
Net farm production.....	---	40	47	51	60
Broilers produced annually.....	---	34	39	40	49
Production per hour of man labor.....	---	49	52	49	63
Production per unit of input.....	---	61	64	69	72
Operating expense per unit of production.....	---	106	108	108	108
Total cost per unit of production.....	---	120	124	122	123
Power and machinery (quantity).....	---	44	48	55	63
Prices received for products sold.....	---	132	131	117	115
Prices paid, including wages to hired labor.....	---	69	77	80	82

1/ Preliminary.

2/ Feed, chicks, medicines, and related items are supplied by the broiler contracting firms.

commercial broiler farms, Maine, 1950-62 - Continued

1954	:	1955	:	1956	:	1957	:	1958	:	1959	:	1960	:	1961	:	1962 <u>1/</u>
2,591		3,588		3,899		3,752		3,477		3,795		3,875		5,024		4,294
614		1,243		1,428		1,149		847		903		887		1,751		1,258
1,198		1,519		1,474		1,519		1,501		1,692		1,809		2,055		1,747
305		336		422		412		406		402		335		344		377
224		226		247		290		312		366		408		424		449
217		229		289		335		363		376		375		387		397
33		35		39		47		48		56		61		63		66
-731		-1,677		-1,713		-1,233		-683		-774		-753		-2,042		-1,008
1,860		1,911		2,186		2,519		2,794		3,021		3,122		2,982		3,286
2,399		2,603		3,253		2,985		3,315		3,287		3,731		3,776		4,137
2,161		2,346		2,904		2,573		2,810		2,786		3,137		3,173		3,448
767		767		850		1,068		1,409		1,519		1,784		1,850		1,823
.91		.95		1.21		.98		.99		.97		1.12		1.12		1.34
699		699		774		875		963		1,132		1,219		1,264		1,300
.94		.98		1.25		1.08		1.23		1.18		1.44		1.46		1.64
71		76		91		92		102		106		115		113		124
75		81		102		93		104		103		117		118		129
65		70		87		93		102		105		107		110		113
51		57		74		91		103		106		112		115		118
70		70		83		90		101		109		120		124		126
76		79		93		95		101		104		106		112		110
104		99		91		98		98		104		105		98		104
115		113		101		102		97		101		101		98		101
65		74		82		91		100		109		115		117		119
112		110		106		100		100		100		107		103		110
83		83		89		95		100		105		107		110		110

varied in number depending on supply and weather conditions.

In addition to the buildings, equipment, and labor, Maine broiler growers paid for electricity and miscellaneous disinfectants. However, the poultry processors provided a crew to thoroughly spray and disinfect broiler houses if disease was detected in the last lot of birds. Hired labor for cleanout was one of the big variable expenses on these farms. Poultry processors generally required a complete cleanout between lots.

Relatively more roasters have been produced in recent years. There are economic advantages in this type of operation to both processors and growers. Production of roasters, still on a fairly small scale in Maine, has proved to be fairly profitable even during periods of depressed broiler prices. The climate in Maine is more favorable for roaster production than the Southern broiler areas. When the occurrence of breast blisters, which causes downgrading in quality, is reduced, Maine processors probably will expand roaster output further.

Processors marketed pullets at around 9 weeks of age and left the cockerels on the farm for about another 5 weeks. Farmers in this program produced fewer lots and less total birds per year than if they were growing only broilers. However, in the roaster program, broiler houses were productive more weeks during the year. Growers were paid 1 cent per square foot per week while growing roasters. This was about equal to regular broiler contractual income on a weekly basis. Growing roasters also decreased the number of cleanouts per year. Hired labor, building

and equipment repairs, sprays and disinfectants, machinery hire and use of tractors and trucks were variable expenditures involved with cleaning out the broiler houses. Thus roaster production assured as much gross income and fewer expenses than normal broiler production.

Cash expenditures on these farms averaged about \$730 less per farm in 1962 than for the previous year mostly because of reduced broiler house construction. Other expenditures in 1962 averaged slightly higher due to a small increase in the number of lots produced annually and a larger production of broilers per farm. However, repairs and improvements on existing buildings increased. Some repairs must be done every year such as roof repairs. However, since 1960 these farmers made large capital outlays to improve their buildings. Cost of central heating and insulation comprised one-half of these expenditures (table 2). These figures pertain only to structures built before 1960 and do not include any expenditures for installation of waterers or feeders.

Delmarva

In 1962 net farm income for Delmarva contract broiler operators averaged \$5,542 per farm compared with \$5,321 in 1961 (table 3). Increased contractual returns per 1,000 broilers and a slight increase in broiler production per farm more than offset reduced receipts from crops in 1962 compared with the previous year (fig. 3). Expenditures in 1962 were slightly higher than a year earlier mostly because of an increased acreage of corn.

In 1962, broiler returns on these farms averaged about \$77 per 1,000

Table 2.--Distribution of expenditures for remodeling and repairs on Maine contract broiler farms 1960-1962

Item	Percent	Item	Percent
Roof shingling and repair	13	Insulation	12
Side shingling and repair	8	Bulk bins and feed rooms	10
Structure remodeling	5	Miscellaneous installations <u>2/</u>	2
Miscellaneous repair and/or improvement <u>1/</u>	12	Total	100
Central heating installation	38		

1/ Miscellaneous repairs and improvements include new windows, painting, cement floors, draining and trenching, driveways, partitions, doors, cement floors and repairs to furnaces and watering systems.

2/ Miscellaneous installations include disposal pits and building fans.

broilers, compared with \$66 in 1961. Broiler contracting firms in Delmarva paid growers on the basis of broilers placed on the farm (not including the extras). Growers in Delmarva produced broilers under two common types of contracts. Many broiler contracting firms guaranteed a minimum of \$50 to \$70 per 1,000 broilers started plus one-half of the profit for that flock. The other typical contract was an incentive type program where the grower was rewarded directly for his ability to convert feed into broiler meat. This contractual arrangement was based on the feed conversion rate and the selling price of the birds. In the latter program, the grower was assured about the same minimum payment. Most of the firms paid the grower a certain amount for electricity whereas a few paid growers extra for central heating.

Some of the variation in the minimum guarantee in Delmarva broiler contracts was due to the amount of

floor space allowed per bird. Broiler contracting firms offering lower minimum payment usually allotted less floor space per broiler. Broiler contracting firms which allotted 0.7 sq. ft. per broiler placed 1,428 broilers per 1,000 sq. ft. compared with 1,250 broilers given 0.8 sq. ft. per bird. A farmer getting a guaranteed payment of \$60 per 1,000 broilers started received \$85.68 per lot at 0.7 sq. ft. The payment was \$87.50 per lot where birds were given 0.8 sq. ft. with a minimum payment of \$70. Thus the minimum payment for a broiler house averaged about the same. However, flocks with more floor space per broiler probably had more efficient feed conversion ratios, lower mortality and less condemnation. Thus such flocks provided a higher overall contractual return per broiler. Most broiler contracting firms which allowed less floor space usually marketed their birds at earlier ages and at lighter weights. Farmers participating in this program could produce more lots of broilers per

Table 3.- Organization, production, costs and returns,

Item	Unit	1950	1951	1952	1953
Land in farm.....	Acre	107	107	106	106
Cropland harvested.....	do.	51	52	55	60
Crops harvested:					
Corn.....	do.	26.5	28.1	31.2	33.7
Soybeans.....	do.	24.2	24.2	24.2	26.1
Crop yields per harvested acre:					
Corn.....	Bushel	48.6	44.2	44.5	47.7
Soybeans.....	do.	15.2	15.0	17.1	17.7
Broilers on farm, Jan. 1.....	Number	7,948	8,182	8,403	8,611
Broilers produced annually:					
Number.....	do.	24,000	26,040	26,469	28,830
Pounds.....	Pound	72,000	78,120	82,054	89,373
Tractors on farm.....	Number	1.00	1.00	1.00	1.00
Total labor used.....	Hour	2,260	2,330	2,280	2,340
Operator and family.....	do.	1,900	2,030	2,010	2,080
Hired.....	do.	360	300	270	260
Total farm capital, Jan. 1.....	Dollar	13,110	15,150	16,770	16,900
Land and buildings.....	do.	8,790	10,030	11,240	11,360
Machinery and equipment.....	do.	3,970	4,470	4,760	4,900
Crops and livestock.....	do.	350	650	770	640
Total cash receipts.....	do.	4,930	5,370	6,885	6,183
Broilers.....	do.	1,967	2,170	3,647	2,480
Crops.....	do.	2,833	2,986	3,046	3,518
Livestock and livestock products.....	do.	88	167	152	149
Other, including Government payments.....	do.	42	47	40	36
Value of perquisites.....	do.	459	524	571	521
Change in inventory of crops and livestock..	do.	237	2	-3	-20
Gross farm income.....	do.	5,626	5,896	7,453	6,684

See footnote at end of table.

commercial broiler farms, Delmarva, 1950-62

1954	1955	1956	1957	1958	1959	1960	1961	1962 <u>1/</u>
106 62	106 68	106 76	106 76	106 80	106 81	106 87	106 85	109 88
34.3 28.2	34.6 33.8	35.6 40.6	36.7 39.2	37.8 41.7	38.9 41.7	38.4 48.8	30.4 54.7	34.0 53.6
36.2 18.8	36.2 20.2	61.6 24.6	31.3 18.8	62.2 24.1	52.9 24.2	60.7 25.2	58.7 23.7	59.6 20.2
8,811	8,974	9,179	9,375	9,707	10,048	10,190	10,548	10,905
29,992 92,975	31,986 99,157	34,010 112,233	36,000 123,480	38,009 131,131	40,032 140,112	41,516 153,609	42,971 158,993	44,426 168,819
1.00	1.06	1.12	1.18	1.24	1.30	1.30	1.30	1.30
2,280	2,240	2,180	2,030	2,010	2,070	2,130	2,120	2,190
2,050 230	2,020 220	1,960 220	1,820 210	1,810 200	1,860 210	1,920 210	1,910 210	1,970 220
17,670	18,710	21,510	24,500	27,870	31,210	32,230	33,480	34,900
12,050 5,100 520	12,930 5,380 400	15,470 5,730 310	18,230 6,200 70	21,200 6,610 60	24,200 6,960 50	25,140 7,050 40	26,370 7,110 0	27,660 7,240 0
4,995	7,371	7,852	5,562	7,684	7,959	8,852	8,417	8,822
1,728 3,063 179 25	4,194 2,999 141 37	2,578 5,018 214 42	2,325 3,094 96 47	2,547 4,999 99 39	3,169 4,668 79 43	3,253 5,479 77 43	2,924 5,162 0 331	3,527 5,083 0 212
524	508	512	478	497	528	551	558	572
-55	-71	-254	-18	-19	0	+39	0	0
5,464	7,808	8,110	6,022	8,162	8,487	9,364	8,975	9,394

Table 3.- Organization, production, costs and returns,

Item	Unit	1950	1951	1952	1953
Total cash expenditures <u>2/</u>	Dollar	2,608	2,829	2,993	3,230
Feed purchased and livestock expense.....	do.	119	141	144	159
Fertilizer and lime.....	do.	389	408	456	496
Other crop expense.....	do.	116	134	160	177
Machinery.....	do.	1,360	1,493	1,565	1,696
Farm buildings and fences.....	do.	202	226	250	276
Hired labor.....	do.	246	245	227	230
Taxes.....	do.	82	84	89	89
Other.....	do.	94	98	102	107
Change in inventory of machinery and buildings.....	do.	-196	-248	-254	-321
Total operating expenses.....	do.	2,412	2,581	2,739	2,909
Net farm income.....	do.	3,214	3,315	4,714	3,775
Purchasing power in 1947-49 dollars.....	do.	3,182	3,014	4,247	3,432
Charge for capital at current interest rates.....	do.	551	633	786	794
Return per hour, operator and family labor.....	do.	1.40	1.32	1.95	1.43
Charge for capital at 4.1 percent interest <u>3/</u>	do.	565	648	719	727
Return per hour, operator and family labor.....	do.	1.39	1.31	1.99	1.47
INDEX NUMBERS (1957-59=100):					
Gross farm income.....	---	74	78	99	88
Net farm income.....	---	78	81	115	92
Net farm production.....	---	64	63	69	75
Broilers produced annually.....	---	55	59	62	68
Production per hour of man labor.....	---	58	55	61	65
Production per unit of input.....	---	70	67	72	76
Operating expense per unit of production.....	---	106	114	112	109
Total cost per unit of production.....	---	100	115	112	110
Power and machinery (quantity).....	---	80	84	87	90
Prices received for products sold.....	---	119	127	148	120
Prices paid, including wages to hired labor.....	---	80	84	87	89

1/ Preliminary.

2/ Feed, chicks, medicines, and related items are supplied by the broiler contracting firms.

3/ Invested capital at 4.1 percent and production credit at current short-term interest rates charged by production credit associations on loans outstanding.

commercial broiler farms, Delmarva, 1950-62 - Continued

1954	1955	1956	1957	1958	1959	1960	1961	1962 <u>1/</u>
3,408	3,402	3,612	3,697	3,706	3,782	3,984	3,963	4,060
160	114	86	56	58	44	47	33	34
521	526	524	556	566	538	545	481	492
190	212	209	222	241	250	260	240	265
1,833	1,747	1,934	1,977	1,907	1,948	2,067	2,112	2,152
302	385	416	449	481	516	565	599	611
194	199	209	195	195	215	219	212	207
96	102	113	120	130	139	147	147	153
112	117	121	122	128	132	134	139	146
-386	-303	-391	-368	-244	-235	-284	-309	-208
3,022	3,099	3,221	3,329	3,462	3,547	3,700	3,654	3,852
2,442	4,709	4,889	2,693	4,700	4,940	5,664	5,321	5,542
2,201	4,242	4,365	2,322	3,983	4,186	4,760	4,471	4,581
830	878	1,007	1,267	1,717	1,762	1,984	2,056	2,141
.79	1.90	1.98	.78	1.65	1.71	1.92	1.71	1.73
759	803	921	1,046	1,188	1,325	1,371	1,420	1,478
.82	1.93	2.02	.90	1.94	1.94	2.24	2.04	2.06
72	103	107	80	108	112	124	119	124
59	115	119	66	114	120	138	129	135
72	77	103	80	112	108	120	113	112
71	75	85	94	100	106	117	121	128
64	70	96	80	114	106	114	108	105
73	77	101	82	111	107	120	110	106
118	112	89	117	89	94	89	93	99
115	111	89	115	88	97	91	95	101
95	95	98	100	100	100	100	100	100
100	136	104	99	97	104	104	102	108
91	92	93	97	100	103	104	104	105

year and in that way increased gross returns from the broiler enterprise.

Delmarva broiler producers provided buildings, equipment, labor and paid for miscellaneous disinfectants used primarily during cleanout. Most all broiler contracting firms paid the grower between \$2 and \$3 per 1,000 broilers for electricity. Since most of the broiler houses have dirt floors, growers generally must replace sand or other material taken out with the used litter. Broiler contracting firms required removal of wet and caked litter and a thorough cleanout when new litter was readily available.

Gross receipts from marketing of corn and soybeans averaged \$5,083 in 1962, a decrease of \$79 per farm compared with a year earlier. Prices received for these crops in 1962 averaged slightly above a year earlier. Corn acreage on these farms increased about 4 acres in 1962 as these farmers participated less in the feed grain program than in 1961. This smaller participation meant that Government payments mostly from the feed grain program decreased sharply in 1962. Soybean acreage showed little change. Although yields of corn increased slightly in 1962 compared with a year earlier, the drought in Delmarva reduced yields of soybeans by about 3.5 bushels per acre in 1962.

Total cash operating expenses on these farms averaged about \$4,060 in 1962 compared with \$3,963 a year earlier. The increase was due mostly to an increased acreage of corn. Other cash expenditures also increased slightly in 1962 due to larger quantities of inputs purchased and a slight increase in prices paid for items used in production.

Recent Broiler Building Trends in Maine and Delmarva

The rather severe decline in broiler prices since 1950 caused contractors in these areas to become sensitive to variable and fixed production costs. During the early and mid-1950's, broiler production in these areas was expanding rapidly. The major requirement of broiler houses was protection from adverse weather. Production has stabilized in recent years, and contractors began to consider improved housing a very definite method of reducing production costs.

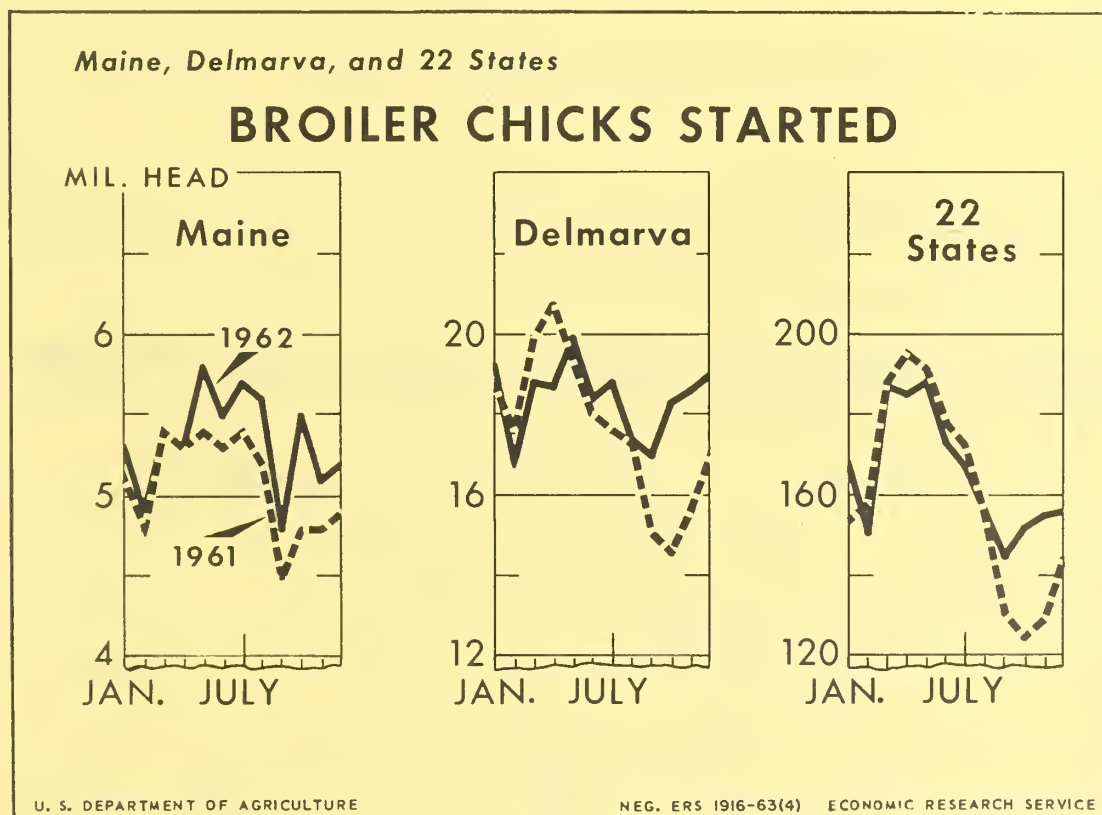
The better broiler buildings in Maine are several stories high. The bottom floor is cement, walls are insulated and central heat is common. Ventilation is a major concern where buildings are stocked heavily and growth of birds is pushed. Insulating ceilings as well as walls and installing fans to circulate and control air are important factors. In most instances the contract grower paid for these improvements. Such improvements in buildings tend to increase feed efficiency and reduce mortality, condemnation losses and fuel requirements, and thus lower per unit production costs.

Due to the milder weather in Delmarva, broiler houses tend to be constructed less solidly than in Maine. Contractors in the Delmarva area realized winter production costs were higher and quality of output was poorer than in summer. They also became conscious of higher production obtained when broiler houses were properly insulated and ventilated. Company servicemen worked closely with the growers to improve ventilation and heating and to generally improve broiler

houses. Thus, the savings possible from improved housing in this area will be a further impetus for contractors to have their growers make capital improvements such as has been done in Maine. However, it may require several years operations to compensate for these improvements. With the severe competition in the industry, contractors might be forced to reduce the contract payment to growers without adequate housing below the minimum amount now guaranteed. Such grow-

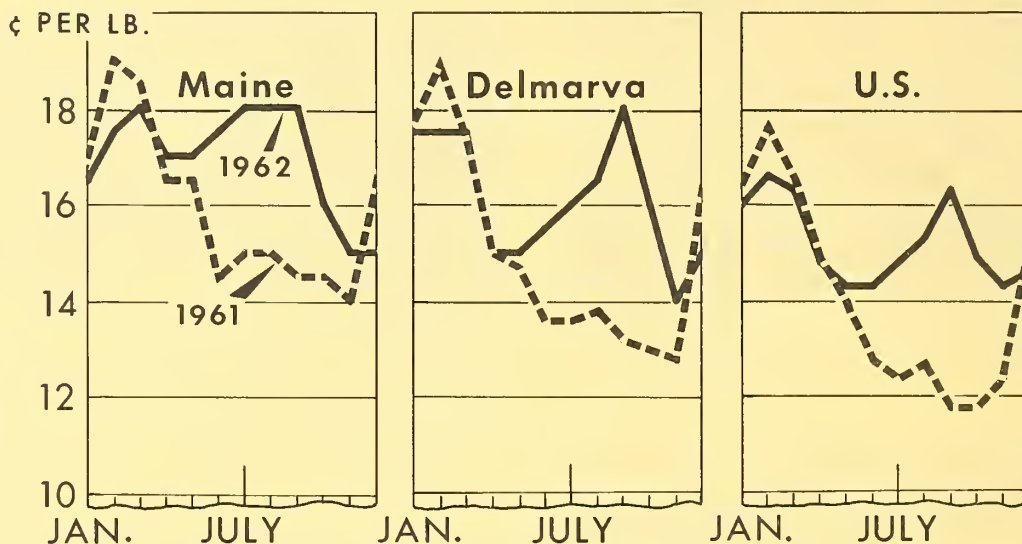
ers may find it increasingly difficult to get flocks when there is adverse weather, depressed broiler prices, or curtailment in output.

As contractors in other areas became fully aware of the savings resulting from better housing, their growers will need to improve the insulation and ventilation of their buildings. This will tend to eliminate interregional cost advantages and improve the overall efficiency in the broiler industry.



Maine, Delmarva, and U.S.

MONTHLY PRICES RECEIVED FOR BROILERS

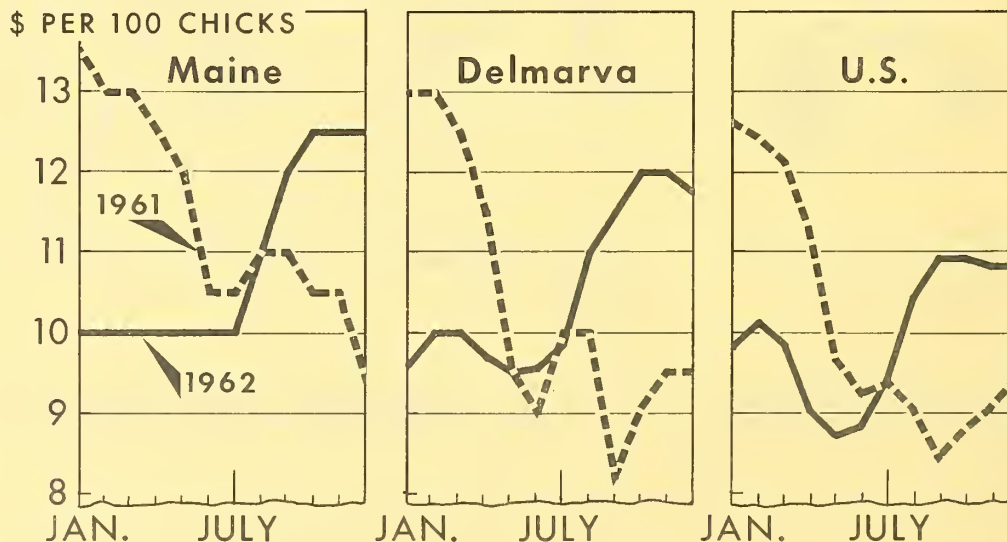


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PRICES PAID HATCHERIES FOR BROILER CHICKS

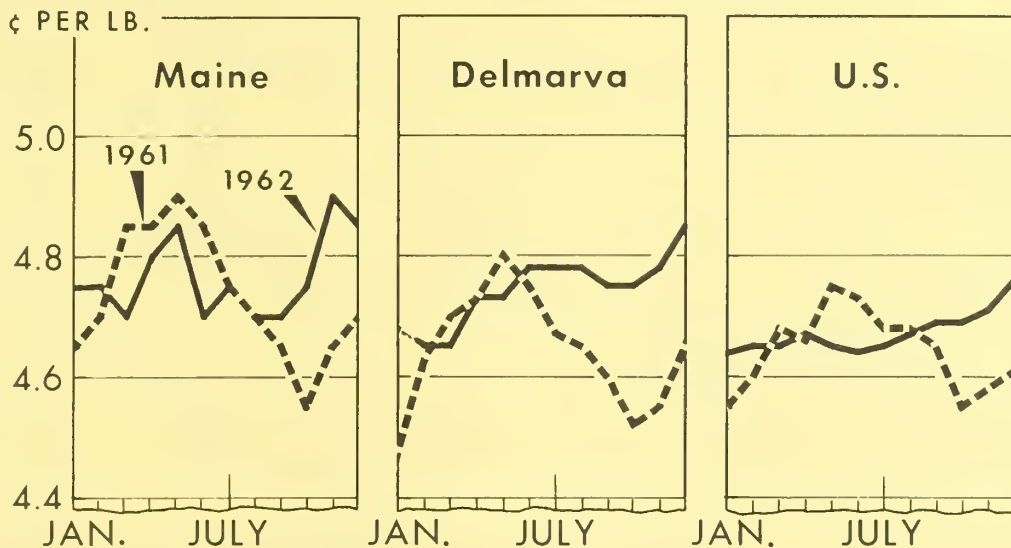


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PRICES PAID FOR BROILER MASH

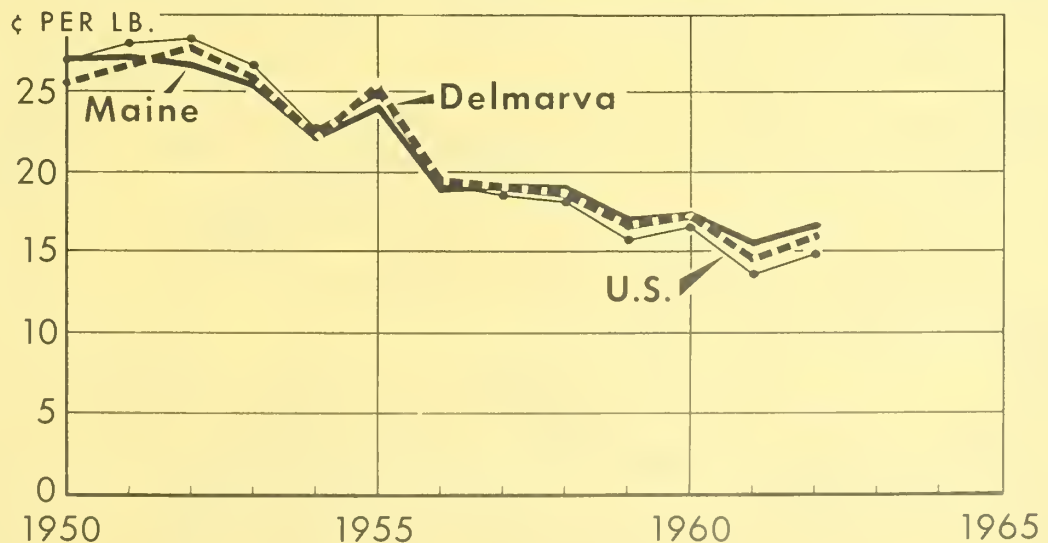


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PRICES RECEIVED BY FARMERS FOR BROILERS



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